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REAGAN CONCEDES 'MISTAKE' IN ARMS-FOR-HOSTAGE POLICY; TAKES BLAME, VOWS CHANGES

MAKES 'NO EXCUSES'

But Speech Falls Short of Explicit Disavowal of the Original Idea

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Special to The New York Times

WASHINGTON, March 4 — President Reagan said tonight that his policy toward Iran had "deteriorated" into a trade of arms for hostages and that he accepted "full responsibility" for the Iran-contra affair, which has hampered his Presidency for three months.

But he did not say, as a special review board said last week, that the original idea of selling arms to the T ehran regime was flawed.

"What began as a strategic opening to Iran deteriorated in its implementation into trading arms for hostages," Mr. Reagan said in an unusually conciliatory broadcast address. "This runs counter to my own beliefs, to Administration policy, and to the original strategy we had in mind.

"There are reasons why it happened, but no excuses. It was a mistake."

The President went beyond any of his previous statements in confronting the failure of his secret dealings with Iran, which have blighted his Administration, caused a shake-up in the top levels of the White House, and sent his public approval rating plummeting over the last three months.

While describing himself as "angry" and "disappointed" with the actions of subordinates who carried out the policy, the President said he would take the blame himself. [Text, page A18.]

"As the Navy would say, this happened on my watch," Mr. Reagan said.

But he seemed to reject the advice of many supporters on two points. He condemned only the execution of his Iran initiative, not the policy itself, which he has said was aimed at shoring up moderate elements within the Iranian Government. And he did not explicitly apologize for his own actions, or the actions of his Administration.

The speech came at a critical moment in his second term, six days after the review board led by former Senator John G. Tower sharply criticized his failure to pay closer attention to the actions of the National Security Council staff, which managed the Iran operation.

In an attempt to demonstrate that he was now back in control of the levers of government, the President mentioned this series of actions he was taking to correct the flaws described by the Tower Commission:

¶The National Security Council has been directed to review "all covert operations" now being conducted by the Government, and there will be "no more freelancing" by individual staff members. Last November, Admiral John Poindexter resigned as head of the council and his aide, Lieut. Col. Oliver North, was dismissed for their roles in directing the Iran affair.

¶Record keeping will be improved in the White House on national security matters. The President blamed the lack of adequate records for his failure to remember precisely when he approved the shipment of arms to Iran.

¶Some key personnel have already been changed, and more will follow. He particularly mentioned the replacement of Donald T. Regan, his chief of staff, with former Senator Howard H. Baker Jr., and the naming of William H. Webster as the new Director of Central Intelligence.

¶Laws mandating continuing consultation with Congress on secret intelligence operations "will be followed," the President said, "not only in letter but in spirit."

Mr. Reagan acknowledged that he had remained silent on the Iran issue and isolated from the public for three months, and some listeners, he said, were probably thinking that he was "hiding out in the White House."

The reason for his silence, the President said, was his reluctance to come forward with "sketchy reports" and thus create "even more doubt and confusion" in the public mind.

"I've paid a price for my silence in terms of your trust and confidence," the President said.

The latest New York Times/CBS News Poll backed up that point, showing that his public approval rating had dropped to its lowest point in four years. Even his political allies have been saying that the Iran affair was seriously jeopardizing his ability to function effectively for the rest of his term.

Only 29 percent of the people surveyed said they approved of his handling of foreign policy, and 51 percent said Mr. Reagan was lying when he said he could not remember when he approved the arms transaction.

Mr. Reagan praised the Tower panel for its 300-page report, and admitted somewhat ruefully that he "had to hunt pretty hard to find any good news" in it.

"I've studied the Board's report," he said. "Its findings are honest, convincing, and highly critical, and I accept them."

He summarized his reaction this way:

"First, let me say I take full responsibility for my own actions and for those of my Administration. As angry as I may be about activities undertaken without my knowledge, I am still accountable for those actions. As disappointed as I may be in some who served me, I am still the one who must answer to the American people for this behavior. And as personally distasteful as I find secret bank accounts and diverted funds, as the Navy would say, this happened on my watch."

The President's speech capped days of intense activity in the White House following the release of the Tower

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Commission report, which depicted Mr. Reagan as an uninformed and uninvolved leader who failed to exert proper control over the Iran-contra affair.

The impact of the affair, combined with the President's prostate operation, has kept him isolated for months. But now that his recovery is complete and the Tower Commission report has been issued, the President is trying to convey an impression of aggressive attentiveness to the details of government.

Last Friday, he replaced his chief of staff, Mr. Regan, with Mr. Baker. On Monday, he withdrew the troubled nomination of Robert M. Gates as Director of Central Intelligence. On Tuesday, he replaced Mr. Gates as his CIA nominee with William H. Webster, the head of the Federal Bureau of Investigation, and personally announced a new initiative on arms control for the talks with the Soviet Union in Geneva.

In the weeks ahead, the President is expected to leave the White House more often to speak to groups in Washington and around the country, trying to recapture the sense of excitement and optimism that his Presidency engendered in his first term, but which has been noticeably absent since his re-election campaign.

"It's the biggest cliché in Washington, but the President has to get out more," said one Republican strategist who frequently advises the White House. "He has to give a speech somewhere, go meet the Cotton Queen, show that the President is alive and well, get away from the tyranny of the Beltway, hear the crowds applaud, make things happen."

At the White House today, Marlin Fitzwater, the President's spokesman, discounted the importance of tonight's speech, saying, "I don't think the Presidency needs repairing."